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TOWN OF JEROME

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MEMO

FROM: Candace Gallagher, Town Manager/Clerk
TO: Mayor and Council
SUBJECT: 2015-16 Municipal Budget
DATE: July 14, 2015

At this meeting, following eight public Council work sessions and months of work by staff, we are poised to adopt the tentative budget for 2015-16. **Once the tentative budget is adopted, expenditures may not be increased; however, they can be decreased.** The proposed timeline anticipates holding the public hearing and adoption of the budget at a special meeting on July 28. In the interim, it will be published two times in the Verde Independent, and made available on our website and at the library, in accordance with statutory requirements. The property tax levy would then be adopted at our regular August meeting (August 11).

As presently drafted, and including all changes discussed by Council, this budget:

- Anticipates no increases in water services fees, sewer service fees or property tax levy.
- Anticipates a 20% increase in sanitation service fees, effective November 1, 2015.
- Anticipates \$799,500 in sales tax revenue. This is based on actual receipts during 2014-15, calculated to increase consistently with the average increase over the past three years (2.8%). It also includes a new 2% tax on hotels and transient lodging, and a 1% increase in the tax rate for restaurants and bars, both of which are intended to be effective for one year, from November 1, 2015 through October 31, 2016. In addition, we have included another \$50,000 in sales tax revenues in a Contingency Fund, so that, if received, they could be spent.
- Provides a subsidy from the General Fund to the Sewer and HURF budgets in the amounts of \$9,000 and \$55,800, respectively.
- In the General Fund, utilizes \$20,000 in dedicated fund balance comprised of court enhancement fees collected in prior years, which may be used only for court related expenses, which we anticipate using toward completion of the third floor courtroom.
 - Note: Our CONTINGENCY FUNDS also provide for the use of an additional \$124,000 in General Fund balance, if needed, to cover any additional litigation costs (\$100,000) and to provide the Town's match if it were to receive a grant for a new fire truck (\$24,000).
- Establishes a new Capital Fund, which will fund the purchase of a skid steer (Bobcat) for use by our Public Works department, as well as accumulate funds toward the eventual purchase of a garbage truck and other unspecified capital improvements or acquisitions.
- Provides \$10,000 toward part-time labor for fuel abatement (dead wood removal) on Town properties.
- Provides funding for the purchase of additional library books and non-print materials for the Library, as well as additional funding for expansion of the Jerome Kids Art Workshop program.

- Provides for completing the upgrade of the Gulch septic system and associated sewer lines.
- Provides for replacement of the regulator on School Street, and the associated water line which runs below the steps there. Also provides for repairs/replacement of the brickwork on those steps.
- Includes added funding for stabilization of the leaning wall across from the Spirit Room, which must be addressed prior to the restoration of the horseshoe pits near Upper Park, a project that has been funded in part by Freeport-McMoRan Copper and Gold Foundation. This project has been delayed due to the challenges inherent in finding an economical yet aesthetically acceptable solution to the problem of the leaning wall. It also includes funding for repairs to the redstone and drystack walls near the horseshoe pit area, which will be done in conjunction with that project.
- Includes funding for restoration of the School Street access to the Jerome Civic Center, including repairs to the steps and retaining wall, funded in part by Freeport-McMoRan Copper and Gold Foundation.
- Provides for other needed repairs to and maintenance of Town buildings and properties, including repairs at the Hotel Jerome, improvements to the restroom at our police station, and work to address the subsidence at Lower Park and/or restore some of the parking in that area.
- Provides for general water and sewer system maintenance.
- Allows for the spending of \$30,000 to be provided by the Yavapai County Flood Control District for general drainage improvements.
- Sets aside another \$5,000 toward the eventual replacement of our garbage truck.
- Allows for needed repairs to town vehicles and equipment, including extensive repairs needed to our backhoe.
- Provides for the lease-purchase (beginning this year, continuing over five years) of a used police vehicle (SUV).
- Provides for part-time clerical assistance for the Planning and Zoning office.

In addition, this budget provides for a 2.3% pay increase for most staff, and an adjustment in pay for the Town Librarian in acknowledgement of her status as a Department Head. It also establishes a minimum wage of \$12 per hour for any town position.

In comparing FY2015 to FY2016 budgeted figures, it should be noted that public works salaries have been reallocated based on average actual hours spent in each cost center during the past five years. In addition, administrative overhead costs have been reexamined and reallocated.

While this budget will accommodate all of the expenditures listed in this memo, actual spending will be subject to the availability of funds at the time. As a large portion of our revenue is derived from sales taxes and utility payments, cash flow fluctuates, and this will be taken into consideration as we move forward.